



San Francisco Association Pulls Out All the Stops to Defeat Housing Tax— *December 2014*

When the prevailing message that emerges during an issues campaign is that the proposed referendum will produce no winners, you know it's not good. "That's knee-jerk politics for you," says Jay Cheng, Deputy Director of Government Affairs and Community Relations of the San Francisco Association of REALTORS® (SFAR,) which recently helped to defeat such a referendum that would have placed an onerous additional transfer tax on the sale of many of the city's multi-unit properties.

Proposition G, as the proposed tax was called, would have imposed a severe additional transfer tax on certain San Francisco residential properties sold within five years of purchase, in an effort to reduce speculative 'flipping': 24 percent for homes sold in the first year after a purchase; 22 percent if held for two years; 20 percent in the third year; 18 percent in the fourth year; and 14 percent in the fifth year.

"There's no question that the San Francisco housing crisis is an extreme challenge," says Cheng, acknowledging that supporters of Proposition G were reacting to an atmosphere in which it is increasingly difficult for renters who cannot afford exorbitant rates to live anywhere within city limits (according to one source, \$3,000 is about average for a one-bedroom apartment.) But draconian transfer taxes, he insists, are not the solution.

Fortunately, SFAR has always had a strong relationship with its state association (CAR,) as well as with the NATIONAL ASSOCIATION OF REALTORS®, says Cheng. Through CAR, SFAR tapped in to NAR's expert resources. Some light economic analysis revealed the considerable economic damage the tax would cause the city. Early polling determined that Proposition G was defeat-able, but that it would require lots of voter-education. "This is a complex, one-time tax," explains Cheng, "not something that voters encounter on a regular basis, and not something easily compressed into a simple election message."

A major Issues Mobilization grant from NAR and the expertise of a local consultant provided what SFAR needed to combat Proposition G in advance of election day. SFAR formed a coalition with other local housing, tenant, and neighborhood organizations. The campaign launched a huge social media campaign, sent out direct mail pieces, knocked on doors and made thousands of phone calls. SFAR members raised considerable funds of their own for the cause, and contributed hundreds of volunteer hours working the phone banks and walking their districts.

"The grass roots effort really took off, because our members realized their own clients would have been affected by this, whether they were current homeowners or first-time homebuyers," says Cheng. "In the same spirit, the generous grant we received from NAR comes from the dues paid by many, many of our country's REALTORS®, he continues. "The way we see it, nearly every local REALTOR® across the nation helped out. Proposition G was a very real threat in San Francisco, but it would be bad for homeowners in any American town."



One key to SFAR's campaign against Proposition G was its outreach to the city's Chinese-speaking community, which constitutes a full third of the population. Cheng and his colleagues spent significant time working with Chinese American community leaders. The campaign was promoted heavily on Chinese radio, and won an endorsement from the *Sing Tao Daily*, one of San Francisco's most widely read Chinese newspapers. It received a great response from the African American, Latino, and LGBT communities, as well. "Our fellow real estate organizations, the Asian Real Estate Association of America, the Chinese Real Estate Association of America, and the Women's Council of Realtors, were critical to our success," says Cheng. "Their local members know and live and breathe their communities; we had real estate professionals out speaking to voters about a very complex issue in Cantonese and Mandarin -- an invaluable assist."

Although voter turn-out for the general election was relatively low, Proposition G was defeated by about 8 percentage points.

Moving forward, says Cheng, it is critical that REALTOR® associations continue to think hard about housing affordability solutions. "The lack of affordable housing is driving a lot of these conversations," he notes. Cheng also underscores the importance of local associations talking to each other. Through CAR's Inter-Board Solicitation Program, SFAR received tremendous support from many of the local associations across California. "Even the Chicago Association!" he adds. "It was overwhelming, and we hope to be able to repay the favor. We are all in this together."

To learn more about how the San Francisco REALTORS® defeated the threatened transfer tax, contact Jay Cheng, Deputy Director of Government Affairs and Community Relations of the San Francisco Association of REALTORS®, at 408.691.0423 or jay@sfrealtors.com.



Getting ready to canvas Chinese-speaking areas of San Francisco



Campaign Logo



More than 100 REALTOR volunteers get instructions before walking the neighborhoods to talk with voters about how the proposed tax would negatively impact them and the city.